



**FSC Certification Report for the
2008 Annual Audit of:
Michigan Department of Natural Resources
Certificate Number: SCS-FM/COC-090N**

**Under the
SCS Forest Conservation Program
(An FSC-Accredited Certification Program)**

**Date of Field Audit: October 21 – October 23, 2008
Date of Draft Report: December 30, 2008
Date of Final Report: March --, 2009**

**Scientific Certification Systems
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Section 2.0 (Surveillance Decision and Public Record) will be made publicly available on the SCS website (www.scscertified.com) no later than 60 days after the report is finalized.

1.0 GENERAL INFORMATION

1.1 CONTACT INFORMATION

Michigan Department of Natural Resources
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South Marquette, MI 49855
Contact: Dennis Nezich, Forest Certification Specialist
Email: nezichd@michigan.gov

1.2 General Background

This report covers the third annual audit of Department of Natural Resources (MI DNR) pursuant to the FSC guidelines for annual audits as well as the terms of the forest management certificate awarded by Scientific Certification Systems in December, 2005 (SCS-FM/COC-090N). All certificates issued by SCS under the aegis of the Forest Stewardship Council (FSC) require annual audits to ascertain ongoing compliance with the requirements and standards of certification. A public summary of the initial evaluation is available on the SCS website www.scsertified.com.

Pursuant to FSC and SCS guidelines, annual/surveillance audits are not intended to comprehensively examine the full scope of the certified forest operations, as the cost of a full-scope audit would be prohibitive and it is not mandated by FSC audit protocols. Rather, annual audits are comprised of three main components:

- A focused assessment of the status of any outstanding conditions or corrective action requests
- Follow-up inquiry into any issues that may have arisen since the award of certification or prior audit
- As necessary given the breadth of coverage associated with the first two components, an additional focus on selected topics or issues, the selection of which is not known to the certificate holder prior to the audit.

At the time of the second annual audit, there were five open Corrective Action Requests, the status of MI DNR's response to which was a major focus of the annual audit (see discussion, below for a listing of those CARs and their disposition as a result of this annual audit).

1.3 Guidelines/Standards Employed

For this annual audit, the SCS audit team evaluated Michigan DNR's conformance with selected components of the FSC Lake States-Central Hardwoods Region Standards v3.0. Per FSC auditing protocols, it is not expected that annual surveillance audits cover the full scope and content of the applicable certification standard. Rather, it is expected that over the course of four

successive annual surveillance audits that the full scope of the certification standard is addressed. The Lake States-Central Hardwoods Regional Standard was endorsed in February 2005.

2.0 SURVEILLANCE DECISION AND PUBLIC RECORD

2.1 Assessment and Surveillance Activity Dates

The SCS audit team (Robert J. Hrubes, Mike Ferrucci, and Kyle Meister)¹ conducted the field component of the 2008 annual surveillance audit of the Michigan Department of Natural Resources' (DNR) management of the state forest system on October 21 – October 23, 2008.

Prior to the 2008 annual surveillance audit the following audit activities were undertaken:

- November 2007 through October 2008— intermittent/various communications, primarily via email, with DNR personnel on certification matters such as ongoing progress in addressing the open CARs issued as a result of the 2007 annual surveillance audit;
- October 30 - November 2, 2007, Dr. Robert Hrubes and Mr. Michael Ferrucci conducted the 2007 annual surveillance audit.
- October 26, 2007, Dennis Nezich submitted documentation in response to CARs 2006.1-2006.5, issued during the 2006 annual surveillance audit.
- Week of October 22, 2007, SCS staff conducted stakeholder phone interviews; the focus of this year's outreach was stakeholder groups and perspectives that have had limited or no interaction with the Michigan DNR certification process, thus far
- June through September 2007—intermittent/various communications, primarily via email, with DNR personnel on certification matters such as ongoing progress in addressing the open CARs; additionally, DNR provided information to SCS about ongoing developments in the state's negotiations with tribal representatives regarding inland treaty rights
- March 7, 2007, Dennis Nezich submitted documentation in response to CAR 2006.4, detailing MI DNR's to-date response and projected timeline for completion.
- October 23-27, 2006, Dr. Hrubes and Mr. Ferrucci conducted the 2006 annual surveillance audit. ASI Accreditation audit was concurrently conducted by Mr. Hans Joachim Droste and Bill Wilkinson.
- October 20, 2006, Sterling Griffin conducted phone interviews with representatives of stakeholder groups including the Newberry Tourism Association, Sierra Club, and the Michigan Association of Timbermen.
- September 15, 2006, Dr. Hrubes conducted conference call with MI DNR to review evidence previously submitted in response to Corrective Action Requests
- August 3, 2006, Dennis Nezich, MI DNR Certification Specialist, submitted (via email) 6 documents in response to CAR 2005.5

¹ Kyle Meister assumed lead responsibility for writing this annual audit report.

- August 3, 2006, Dennis Nezich submitted 3 documents in response to CAR 2005.13
- July 20, 2006, Dennis Nezich submitted 2 documents in response to CAR 2005.1
- July 20, 2006 Dennis Nezich submitted 4 documents in response to CAR 2005.8
- July 20, 2006, Dennis Nezich submitted 2 documents in response to CAR 2005.10
- July 17, 2006, Dennis Nezich submitted 2 documents in response to CAR 2005.11
- April 20, 2006, Dr Hrubes and Mike Ferrucci conduct conference call with MI DNR to discuss progress made in response to CAR 2005.9
- March 14, 2006, Larry Pederson submits memo committing to provide written summary of progress on CAR 2005.1
- March 7-10, 2006, Dr. Robert Hrubes and Mr. Mike Ferrucci conduct special surveillance audit.
- December, 2005, initial certification awarded
- September 18-30, 2005, Joint Forest Management and Chain-of-Custody Certification Evaluation conducted by Dr. Robert Hrubes, Mr. Michael Ferrucci, Dr. David Capen, and Ms Jodi Kaiser.
- October 25-29, 2004, Preliminary Assessment of the Management of the Michigan DNR State Forest Program conducted by Dr. Robert Hrubes, Mr. Michael Ferrucci, and Dr. David Capen.

2.2 Assessment Personnel

For the 2008 annual audit, the audit team was comprised of Dr. Robert J. Hrubes (lead auditor), Mr. Michael Ferrucci, and Kyle Meister. Both Dr. Hrubes and Mr. Ferrucci were team members for the 2005 full evaluation and the 2006 and 2007 surveillance audits. Thus, there was good continuity between this audit and previous ones.

Dr. Robert J. Hrubes, Team Leader: Dr. Hrubes is Senior Vice-President of Scientific Certification Systems. He is a registered professional forester and forest economist with 27 years of professional experience in both public and private forest management issues. He served as team leader for the initial MI DNR Forest certification evaluation. Dr. Hrubes worked in collaboration with SCS to develop the programmatic protocol that guide all SCS Forest Conservation Program evaluations. Dr. Hrubes has led numerous SCS Forest Conservation Program evaluations of North American (U.S. and Canada) industrial forest ownerships, as well as operations in Scandinavia, Chile, and Japan. He also has professional work experience in Brazil, Germany, Guam (U.S.), Hawaii (U.S.), and Malaysia. Dr. Hrubes is the author of this audit report.

Mr. Michael Ferrucci, Team Member (Forest Management and Silviculture): Michael Ferrucci is a founding partner and President of Interforest, LLC, and a partner in Ferrucci & Walicki, LLC, a land management company that has served private landowners in southern New England for 17 years. Its clients include private citizens, land trusts,

municipalities, corporations, private water companies, and non-profit organizations. He has a B.Sc. degree in forestry from the University of Maine and a Master of Forestry degree from the Yale School of Forestry and Environmental Studies. Mr. Ferrucci's primary expertise is in management of watershed forests to provide timber, drinking water, and the protection of other values; in forest inventory and timber appraisal; hardwood forest silviculture and marketing; and the ecology and silviculture of natural forests of the eastern United States. He also lectures on private sector forestry, leadership, and forest resource management at the Yale School of Forestry and Environmental Studies.

Mr. Kyle Meister, Team Member: Mr. Meister is a Certification Forester with Scientific Certification Systems. This was his second surveillance audit with SCS. He took courses in forest ecology and stream ecology in northern Michigan as an undergraduate at the University of Michigan. Prior to pursuing a Master of Forestry degree at the Yale School of Forestry and Environmental Studies, he was an Emerald Ash Borer Outreach Coordinator with Michigan State University Cooperative Extension and created educational programs and materials on the subject. He has experience as an environmental educator and natural resource consultant in the U.S., Mexico, Ecuador, Costa Rica, and Colombia. Mr. Meister is the principal author of this report.

2.3 Assessment Process

The scope of the 2008 annual surveillance audit, as with all annual audits, included: document review, auditors spending time in the field and office, interviewing management personnel and, as appropriate, interacting with outside stakeholders. It should be noted that FSC protocols do not require extensive stakeholder consultation as part of annual surveillance audits. For this audit, the SCS lead auditor made phone-based contact with a cross-section of stakeholders for the purpose of gauging perspectives on and reactions to DNR's intent to lengthen the time frames for completing the Regional State Forest Management Plans in order to allow for greater stakeholder input as well as better coordination with biodiversity conservation planning.

Audit Itinerary:

Tuesday, October 21 – Atlanta, MI:

The audit began with an opening meeting at the Forest Management Unit Office where discussions were held on the status of open corrective action requests (CARs) remaining from the 2007 surveillance audit. The auditors also had a brief discussion on the Atlanta FMU with local DNR employees on trail and ORV issues, wildlife, fisheries, forestry and ecosystem management, and the field itinerary was finalized. In the afternoon, the auditors and selected staff toured the Atlanta FMU.

Atlanta FMU Site Visits – Dr. Robert Hrubes and Kyle Meister

Site #1 was a 49 acre Red pine clearcut followed by a prescribed burn to reduce slash. In spring of 2009, the site will be roto-tilled in order to prepare it to be seeded with Jack pine in spring of 2010 to promote Kirtland's Warbler habitat, an avian species of special concern that spends its summers in young Jack pine stands of northern Michigan and Wisconsin.

Site #2 was the 49 Ski Trail Parking Lot, which during the winter is a cross-country ski trail and doubles as a nature trail during the summer. Here the DNR staff highlighted the management that they must implement to accommodate many different kinds of uses.

Site #3, compartment 155, was a Red pine seed-tree with half-height spacing currently being harvested. Red pine, aspen and Red maple were species being removed. The objectives for this harvest were to prepare the site for a prescribed burn to facilitate natural regeneration of Red pine. Utilization was good and adequate slash was placed over skid trails to reduce impacts to soil. Damage to crop trees was nil. Here the auditors had the opportunity to speak with Dave Grossman, a logger from Grossman Brothers Logging, a two person operation employing a feller buncher and a forwarder to transport logs to the roadside for pick-up by the principal job contractor. The auditors confirmed that Mr. Grossman had a spill kit and first aid kit on the job site.

Site #4, compartment 155, was a completed salvage logging operation in response to a tornado that occurred on October 18, 2007. The site's silvicultural plan had to be changed in response to the natural disturbance. However, it did have to go through the State's approval and checklist process to ensure that the various interested divisions within the Michigan DNR could add their input to the changes in the plan. Healthy crop trees were left to reseed the site, and snags and small brush piles were left for wildlife habitat and to block entrance into the site. While many of the sites that the tornado hit were left for natural disturbance dynamics to occur, this site was unusual due to its proximity to human settlement and road access. The DNR had many safety concerns here and acted in the best interest of protecting people from hanging dead trees and other dangers on the site.

Since this harvest site involved interdivisional coordination, the auditors took the opportunity to ask DNR staff about stakeholder outreach. The auditors were informed that DNR staff frequently engages local newspapers and stated that the public is allowed to attend compartment review meetings, but has found that receiving information from the public can be difficult. In addition, the DNR must focus on multiple types of users who do not always see eye to eye.

Site #5 was an example of one of the DNR's attempts to address multiple trail users in the Black Lake area. This particular trail network includes cross-country ski, mountain bike, foot, and ORV trails. The cross-country-mountain bike trail was recently disked and seeded in preparation for winter ski activity and was in relatively good condition. ORV trails intersect other types of trails. The DNR has a color-coded system and signage to let the ORV users know which trails are allowable or off limits, but noted that they should put up more signs as there was some evidence of ORV traffic entering non-ORV trails. The auditors asked the forest management

team if they would harvest on this recreation site. Normally, they replied, the DNR would not harvest in a recreation area, but there are times when it happens. If there is harvesting in a recreation area, they typically place reserves near trails.

Site #6, compartment 157-115-A6, was an example of an area where forest management and recreation coincide. The entrance is an ORV/snowmobile route and also provides access for official DNR business. The DNR has proposed a route change for safety concerns in this area. This site will also undergo a harvest in the near future. The trigger for harvest on this low productivity site is the age of the aspen (40-70 yrs.), most of which will be removed along with Jack pine and some other species with retention of large diameter oaks (> 18" DBH).

Site #7, compartment 157-129-A6, was a mixed hardwood and red and white pine stand. Some of the larger diameter red pines will come out, while larger white pines will be retained. The Auditors asked the DNR about how a site like this could become a Biodiversity Stewardship Area (BSA). Public input could influence, but so could internal decision making from DNR staff.

Atlanta FMU Site Visits – Mike Ferrucci

Site #1: Compartment 63: Doty Lake Prescribed Burn Area: red pine stand clearcut and then burned.

Site #2: Tomahawk Flooding Campground, East Unit: complete renovation of the East and West Units of the campground using trust fund revenues.

Site #3: Tomahawk Flooding Campground, West Unit: planned renovation

Site #4: Compartment 64: Sale 020-2007 "Jack Burgers" Clearcut Mature (60 year old) Jack Pine as part of the Kirtland's Warbler recovery plan; 75% of area site-preparation and plant at 1,600 tpa to result in average 1,200 tpa with "gaps" to develop appropriate habitat. Site preparation is disk-trenching. Follow-up monitoring of KW populations shows steadily increasing populations.

Site #5: Compartment 63: Sale 031-07 "Tomahawk's West Aspen Stand 22: Completed clearcut with scattered (oak) and clumped retention. Ample CWD; varied regeneration.

Site #6: Compartment 123 Stand 51 and 148: Completed final harvest relying on natural regeneration, set up and harvested in 2008; also Stand 62 final harvest with planting.

Site #7, Compartment 123: "Red Bear Sale" Active harvest, red pine third-row thinning; Eric Hincka and Todd Hincka harvesting contractors both have had SFI Training.

Stop #8: Onaway Field Office.

Wednesday, October 22 – Sault Ste. Marie FMU/Drummond Island:

The day began with an opening meeting at the Sault Ste. Marie DNR Office to orient the team with the FMU and staff with the planned audit itinerary for Drummond Island, which was pre-selected as a management area that the auditors were to visit as part of this year's surveillance audit. This was the first time that SCS auditors had visited the Sault Ste. Marie office and Drummond Island since award of certification. The Sault Ste. Marie Forest Management Unit is in the Eastern Upper Peninsula (EUP), and the field audit focused on the east portion of the FMU which consists of 130,000 acres, 49,000 of which are on Drummond Island.

Important ecosystem features on Drummond Island

- 17,000 acres of aspen
- 8,600 acres of northern white-cedar
- Alvars, a rare subarctic ecosystem type

Fisheries management on Drummond Island

- Collaboration with forestry and wildlife on stream management zone issues
 - Beaver management
 - Replacing culverts to allow fish better access to coastal wetlands
- Pike populations on decline → hopes that improved coastal wetland access will help
- Game fish populations stable, walleye population has increased

Economic activities on Drummond Island

- Timber management
- Limestone Quarry
- Tourism
 - Hunting/ fishing
 - Mushroom hunting
 - Blueberry picking
 - Hiking/ nature observation
 - Cross country skiing/ snowmobiling/ ORV use

ORV users on Drummond Island have access to 69 miles of legally designated ORV trails. Also present are undesignated roads/routes used by ATVs and full-sized vehicles, such as Jeeps and Hummers (colloquially referred to as "Jeepers"). Unauthorized/illegal ORV use of some trails and roads presents conflict with wildlife management and law enforcement. Moreover, during special registered ORV events, activities that are normally illegal on State Land are temporarily allowed, which has led to some confusion for ORV users. After briefly discussing some of these issues, the audit team headed to Drummond Island to examine some of them first hand.

Drummond Island Site Visits

Site #1: Maxton Plains ERA (Alvar); closed RDR 1170. About 25% of Alvars on Drummond Island occur on MDNR managed lands (65% The Nature Conservancy and 10% private). Current illegal ORV use and future possible mineral exploitation are threats to this ecosystem. Although the Maxton Plains contain some economically valuable trees, timber harvesting is impractical here due to the presence of the Alvar. Any forested areas contained within the Alvar are likely to become BSAs in the future.

Site #2: Paw Point ERA and McCormick's Marsh culvert replacement for fish passage. The intent with replacing the culverts is to facilitate northern pike passage into the marsh for breeding.

Site #3: Potagannissing Dam and fish passage structure: replace dam with a curved, tiered, fish passage structure. Collaboration with local sportsmen's club was initiated to remove beaver debris from the dam to further improve fish passage. Since most of the sought-after fish are predators, non-fish species tend to benefit from fisheries management.

Site #3b: Sheep Ranch Area (viewed from vehicles): prescribed burning area, burns are less frequent than formerly due to funding, some encroachment by spruce trees and woody brush.

Site #3c: Roadside firewood enforcement activities by unit manager and conservation officer

Site #4: Glen Cover (lunch): county road gate, parking area, ORV barriers, RDR 1192

Site #4b: RDR 1195 repaired using filter fabric and much fill (round rock)

Site #5: Compartment 18 RDR 1190, multiple sites requiring rock fords, very minor drainages

Site #6: Jeep trail to Marble Head, multiple stops. Road was in disrepair and only accessible with 4WD vehicles. The Auditors noted an exposed culvert.

Site #7: Road sections south of Marble Head, road repairs planned, reviewed "Drummond Island Restoration and Maintenance Projects", a summary of funded projects, some planned, some completed.

Site #8: Turkey Ranch Timber Sale (45-007-06-01) Compartment 16. Clearcut of spruce, balsam fir and aspen $\geq 4"$ DBH with retention of all oaks, pines, northern white-cedars and eastern hemlocks and a no-cut zone in unit 7 due to the presence of a raptor nest. The loggers, Donald Newell and George Newell, have taken hazmat and SFE courses and had spills kits and first aid kits in their tool van. Loggers were unsure of what constitutes a reportable spill (>5 gallons). While the Auditing team was questioning the loggers, the head of their Valmet feller sprung a leak of hydraulic fluid. The loggers placed a bucket underneath to contain the spill,

mentioning that they could not afford to lose the expensive fluid. They remained onsite until the cleanup was complete.

Thursday, October 23 – Gaylord:

The day began at the Gaylord DNR Office with an overview of the Gaylord FMU before visiting selected field sites within it. The auditors concluded the audit in the afternoon with a closing session with DNR administrators.

Important features of the Gaylord FMU

- 315,000 acres
- An annual harvest of \approx 4,000 acres
- Beaver Island

Prescribed fire

- 450 acres burned in 2008 season, 200 more planned for 2009
- Kirtland's Warbler habitat management
- Improved coordination of fire teams

Fisheries management

- Trout and other cold water species
- Sturgeon
- Interface with Forest Management
 - Compartment reviews
 - Road repair
 - Natural Rivers program – restoration to native vegetation and consults on harvesting

Economic activities

- Timber management
- Oil and gas
- Tourism
 - Hunting/ Fishing
 - Recreation

Gaylord FMU Site Visits – Dr. Robert Hrubes and Kyle Meister

Site #1, 65 acre prescribed burn for Jack pine: This site was burned on September 23, 2008 in order for nearby intact Jack pine stands to seed in naturally for Kirtland's Warbler habitat. The

DNR staff noted that they have had increased public cooperation with prescribed fires and better coordination of crews for the burn season, which has allowed them to accomplish quite a bit in the FMU.

Site #2, completed hardwood thinning: Good utilization, low impact equipment, minimal residual stand and soil damage.

Site #3, natural gas extraction area and Aspen regeneration: Natural gas pump areas require at least a 1 acre plot for equipment to be able to enter for set-up and maintenance purposes. Once a natural gas pump is installed on a site, a native grass mix and straw are laid down for erosion control. This particular natural gas site was enclosed by an aspen clearcut completed in the spring to the north, east and west, and a 3rd row red pine thinning to the south. The aspen clones responded well to the treatment and many new suckers were above waist height.

Site #4, Kotar Site, marked hardwood thinning: This hardwood stand was another example of how the DNR planned a timber harvest near a highly used recreation trail near the DNR office in Gaylord. The site included a large reserve area and the creation of a clearing near a snowmobile trail for aspen regeneration. The timber marking strategy was clearly explained in the harvest plan and the reserve area was highlighted in the map.

Gaylord FMU Site Visits – Michael Ferrucci

Site #1: Dog Leg Aspen Sale, Compartment 186: excellent retention in a completed Aspen clearcut, good Aspen regeneration, discussed regeneration monitoring

Site #2: Access Road for several Timber Sales, some still active: not well graded, some abuse by hunters who are baiting sites for bear hunting

Site #3: Far East Aspen Sale # 52-106-07-01, Compartment 186: confirmed sale inspection records and retention islands; past sales did not clearly identify retention patches on maps

Site #4: Michigan State Road Aspen Sale, Compartments 186, 187, 209: Active whole-tree chipping harvest of 35 year-old aspen, large, very busy landing with 2 whole tree chippers; contractor Ed Tulgestka & Sons, logger interview with Sonny Tulgestka confirmed that trained loggers supervise the harvest but not on site at all times;

Site #5: Angusticeps Sale, Cutting Unit 3 (lunch): completed during winter, excellent regeneration

Site #6: Angusticeps Sale, Cutting Unit 2: completed, excellent dispersed retention of large, healthy beech trees, also some snags and a few dying birch trees and larger aspen retained for coarse woody debris.

Site #7: Triple A Oak Sale 52-133-07-01, Compartment 210, Stand 20: active oak seed tree harvest, marked well-spaced and vigorous oak leave trees, designated to leave all red oak less than 10 inches-DBH (diameter at breast height), and all white oak, white pine, and red pine; reviewed the stand prescription comments from the approved compartment plan (proposed treatments with no limiting factors); confirmed the “menu” approach to incorporating sale provisions to match prescriptions, for example slash arrangement to facilitate the planned, post-harvest prescribed burn designed to help oak regeneration.

Site #8: Active partial harvest, interviewed Chuck Bishop, not trained, no first aid kit, had shovel for spill cleanup, the trained person supervising the sale is Randy Nash who is not required to be on the site at all times.

In the afternoon, the audit team convened to deliberate and review information gathered during the course of the field audit. A closing meeting was held during which the final FSC briefings and results of the audit were presented to MI DNR staff.

2008 Annual Audit Participants:

Michigan DNR 2008 Audit – Meeting Attendance Record

Location: Atlanta, MI

Date: October 21, 2008

Name	Organization	Title/position
Mike Ferrucci	NSF-ISR	SFI Lead Auditor, FSC Auditor
Robert Hrubes	SCS	FSC Lead Auditor, SFI Auditor
Kyle Meister	SCS	FSC Trainee Auditor
Dennis Nezich	DNR – FMFM	Forest Certification Specialist
Penney Melchoir	DNR – Wildlife	Field Operations Supervisor
Larry Pedersen	DNR – FMFM	Acting Forest Resources Management Section Leader, Lansing
William O’Neill	DNR – FMFM	LP Field Coordinator
Cara Boucher	DNR – FMFM	Acting State Forester, FMFM
Dayle Garlock	DNR – FMFM	District Forest Manager, ELP
Paige Perry	DNR – FMFM	Trails Program Analyst, ELP
David Price	DNR – FMFM	Certification Planner
Joe Soncrainte	DNR – FMFM	Fire Officer Supervisor
Keith Kintigh	DNR – Wildlife	Wildlife Ecologist
Jim Bielecki	DNR – FMFM	District Silviculturalist
Jennifer Kleitch	DNR – Wildlife	Wildlife Biologist
Robert Theiner	DNR – FMFM	Forest Technician, Atlanta
Laurie Marzolo	DNR – FMFM	Unit Manager, Atlanta
Tim Cwalinski	DNR – Fisheries	Fisheries Biologist, Gaylord
Cody Stevens	DNR – FMFM	Forester, Atlanta
Rich Barber	DNR – FMFM	Forester, Atlanta
Tim Paulus	DNR – FMFM	Forest Technician, Atlanta
Marty Osantowski	DNR – FMFM	Fire Officer, Onaway

Rich Stowe	DNR – LED	DNR Conservation Officer
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Michigan DNR 2008 Audit – Meeting Attendance Record

Location: Sault Ste. Marie, MI

Date: October 22, 2008

Name	Organization	Title/position
Mike Ferrucci	NSF-ISR	SFI Lead Auditor, FSC Auditor
Robert Hrubes	SCS	FSC Lead Auditor, SFI Auditor
Kyle Meister	SCS	FSC Trainee Auditor
Dennis Nezich	DNR – FMFM	Forest Certification Specialist
Penney Melchoir	DNR – Wildlife	Field Operations Supervisor
Larry Pedersen	DNR	Acting Forest Resources Management Section Leader, Lansing
Erynn Call	DNR – Wildlife	Wildlife Biologist
Pat Hallfrisch	DNR – FMFM	Unit Manager, Sault Ste. Marie
Sherry MacKinnon	DNR – Wildlife	Wildlife Ecologist/ Acting T&E coordinator
Charlie Vallier	DNR – FMFM	Fire Supervisor, Sault Ste. Marie
Dan Moore	DNR – FMFM	Recreation Specialist, EUP
Don Kuhr	DNR – FMFM	District TMS, EUP
Rob Katona	DNR – FMFM	ORV Trail Analyst
Terry Minzey	DNR – Wildlife	Wildlife Supervisor, EUP
Kyle Publiski	DNR – Conservation Officer	LED, Chippewa, Mackinac
Jason Caron	DNR – FMFM	Forester, Sault Ste. Marie
Jeff Wise	DNR – FMFM	Forester, Sault Ste. Marie
Walley Binder	DNR – Conservation Officer	Areas 2-3 LAW Supervisor
Brian Burford	DNR – FMFM	Fire Officer, Sault Ste. Marie
Neal Godby	DNR – Fisheries	Fish Biologist, Gaylord
Mike Paluda	DNR – FMFM	Field Coordinator, UP
Chuck Lanning (field trip, only)	DNR – FMFM	Fire Officer, DeTour

Michigan DNR 2008 Audit – Meeting Attendance Record

Location: Gaylord FMU, MI

Date: October 23, 2008

Name	Organization	Title/position
Mike Ferrucci	NSF-ISR	SFI Lead Auditor, FSC Auditor
Robert Hrubes	SCS	FSC Lead Auditor, SFI Auditor
Kyle Meister	SCS	FSC Trainee Auditor
Dennis Nezich	DNR – FMFM	Forest Certification Specialist
Penney Melchoir	DNR – Wildlife	Field Operations Supervisor
Larry Pedersen	DNR -- FMFM	Acting Forest Resources Management Section Leader, Lansing
John Pilon	DNR – FMFM	District Forest Planner
Joyce Angel-Ling	DNR -- FMFM	Unit Manager, Gaylord
Jim Bielecki	DNR – FMFM	District Silviculturalist
Keith Kintigh	DNR -- Wildlife	Wildlife Ecologist, NEMU
Mark Monroe	DNR – Wildlife	Wildlife Technician, Gaylord
Dave Borgeson	DNR – Fisheries	Fisheries Unit Supervisor

Neal Godby	DNR – Fisheries	Fish Biologist, Gaylord
Paige Perry	DNR – FMFM	Trails Program Analyst, ELP
Brian Mastenbrook	DNR – Wildlife	Wildlife Biologist
Dayle Garlock	DNR – FMFM	District Forest Manager, ELP
Dan Pearson	DNR – Fisheries	Natural Rivers Program
Robin Pearson	DNR – FMFM	District Recreation Specialist
Dan Heckman (field trip, only)	DNR – FMFM	Forester, Indian River
Shannon Harig (field trip, only)	DNR – FMFM	Forester, Indian River
Greg Gatesy (field trip, only)	DNR – FMFM	Forester, Gaylord
Kim Lentz (field trip, only)	DNR – FMFM	Forest Technician, Gaylord
Rick Barta (field trip, only)	DNR – FMFM	Forest Technician, Gaylord
Don Klingler (field trip, only)	DNR – FMFM	Fire Supervisor, Gaylord
Tim Greco (field trip, only)	DNR – FMFM	Forester, Gaylord

Michigan DNR 2008 Audit – Meeting Attendance Record – Exit Briefing

Location: Gaylord, MI

Date: October 23, 2008

Name	Organization	Title/position
Mike Ferrucci	NSF-ISR	SFI Lead Auditor, FSC Auditor
Robert Hrubes	SCS	FSC Lead Auditor, SFI Auditor
Kyle Meister	SCS	FSC Trainee Auditor
Dennis Nezich	DNR -- FMFM	Forest Certification Specialist
Penney Melchoir	DNR – Wildlife	Field Operations Supervisor
Larry Pedersen	DNR -- FMFM	Acting Forest Resources Management Section Leader, Lansing
Keith Kintigh	DNR – Wildlife	Ecologist, NEMU
Joyce Angel-Ling	DNR -- FMFM	Unit Manager, Gaylord
John Pilon	DNR – FMFM	Forest Planner
Jim Bielecki	DNR – FMFM	Silviculturalist
Mike Paluda	DNR – FMFM	Field Coordinator, UP
Tim Reis	DNR – Wildlife	
Dave Borgeson	DNR – Fisheries	Fisheries Unit Supervisor
Neal Godby	DNR – Fisheries	Fish Biologist, Gaylord
Paige Perry	DNR – FMFM	Trails Program Analyst, ELP
Laurie Marzolo	DNR – FMFM	Unit Manager, Atlanta
Dayle Garlock	DNR – FMFM	District Forest Manager, ELP
Mindy Koch	DNR	Resource Management Deputy
Lynne Boyd	DNR – FMFM	Division Chief, FMFM
Robin Pearson	DNR – FMFM	Recreation Specialist
Russ Mason	DNR – FMFM	Division Chief, Wildlife
David Price	DNR – FMFM	Certification Planner
Kim Herman	DNR – FMFM	Monitoring Specialist
Sherry MacKinnon	DNR – Wildlife	Wildlife Ecologist/ Acting T&E coordinator
John Hamel	DNR – FMFM	District Planning and Inventory Specialist
Terry Minzey	DNR – Wildlife	District Supervisor. EUP
Cara Boucher	DNR – FMFM	Acting State Forester, Lansing
Mike Donovan	DNR -- Lansing	Resource Specialist

Kerry Fitzpatrick	DNR – Wildlife	Habitat Specialist
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2.4 Status of Prior, Open Corrective Action Requests

Corrective Action Requests issued on November 2, 2007:

<p>Observation: In response to CAR 2006.3, DNR prepared a document that comprehensively documents the various means and mechanisms by which environmental analyses/assessments are conducted prior to and in support of site-disturbing activities. However, due to its length, this document does not constitute a tractable and concise overview that will readily enable interested stakeholders to understand and take advantage of the means available to them to offer input and to be reassured that, in fact, environmental assessments are being undertaken. Additionally, as part of the response to CAR 2006.3, DNR initially intended to create a checklist that would help to assure and to better document that possible environmental impacts are being considered in decisions that are not covered by compartment reviews. Subsequently, and prior to the 2007 audit, DNR opted not to develop this sort of checklist.</p>	
CAR 2007.1	<p>a) DNR must prepare and make publicly available (such as posting on the DNR website) a concise summary presentation of the means and mechanisms by which possible environmental effects of site-disturbing activities on the state forests are identified and considered prior to undertaking such actions.</p> <p>b) In the document requested in Part (a) of this CAR, or in a separate document, DNR must provide a concise overview of the process by which possible environmental impacts are considered in decisions not covered by compartment reviews. If current procedures do not assure adequate quality and transparency of such impact analyses, DNR must develop new tools (such as checklists or other guidance documents).</p>
Deadline	Part (a): February 1, 2008; Part (b): June 1, 2008.
Reference	<i>FSC Criterion 6.1</i>
<p>DNR Response/Auditor Comments: Response to part (a): DNR submitted to SCS electronically a 15-page summary document entitled “State Forest Land Resource Management Activities”. The document, available at http://www.michigan.gov/dnr/0,1607,7-153-30301_30505---,00.html, includes a planning and operations checklist, as well as a concise overview of steps in the compartment review process. The summary also has helpful flowcharts to illustrate these processes, and appendices that include information on relevant records, contacts, and protection of T/E species and cultural resources. On the basis of this submittal, the audit team concludes that: CAR 2007.1, Part (a) is now closed.</p> <p>Response to Part (b): Prior to the October 2008 surveillance audit, DNR submitted to SCS the requested concise overview of the process by which possible environmental impacts are considered in decisions not covered by compartment reviews. On the bases of this submittal, CAR 2007.1, Part (b) is now closed.</p>	

Observation: At the time of the 2006 annual audit, the SCS auditors were informed by DNR

that the State Forest Management Plan would be completed in early 2007. But at the time of the 2007 annual audit, in October, the State Forest Management Plan had not yet been completed and released. This postponement is, unfortunately, just one of numerous instances where DNR's intended and, in many cases, publicly-announced target completion dates for plans were not met. And, though we understand the reasons why, we must also take note of the fact that the intended completion dates for the Eco-regional plans has also been pushed back by at least a year compared to what was the case at the time of the 2006 annual audit. These continued postponements and delays in completing key planning processes and plan documents undermines DNR's credibility with many stakeholders and it puts its certifiers in an awkward position. Clearly, these plans must be completed.

CAR 2007.2	<p>(a) DNR must complete and issue the State Forest Management Plan in the very near future.</p> <p>(b) DNR must establish and submit to SCS a task-based work schedule, with associated allocation of sufficient staff resources, that will assure completion of the Regional State Forest Management Plans by the end of 2008, as was committed to the auditors during the 2007 annual audit.</p>
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Deadline	Part (a): February 29, 2008; Part (b): January 15, 2008.
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Reference	<i>FSC Criterion/Indicator 7.1.a.1</i>
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DNR/Response Auditor Comments:

Response to Part (a): MI DNR issued a press release on January 30, 2008 announcing the completion of the revised draft of the Michigan State Forest Management Plan. The public review period for the plan lasted from January 29 – March 14, 2008. The final Director's decision for the plan's approval was scheduled for the April 10, 2008 Natural Resources Commission meeting. Subsequent to that date, DNR provided SCS with documentary confirmation that the State Forest Management Plan was adopted on April 10th. Accordingly, the audit team concludes that **Part (a) of CAR 2007.2 is now closed.**

Response to Part (b): At the end of the first quarter of 2008, MI DNR submitted to SCS task-based timelines (approved by the Statewide Council) for the Northern and Southern Lower Peninsula, and Eastern and Western Upper Peninsula Regional State Forest Management Plans. The timelines list the responsible parties for each task, and that submittal of final drafts to the Statewide Council would occur by year end 2008. However, subsequent to this submittal, DNR (in August via an emailed letter from Lynn Boyd and during the 2008 surveillance audit via a Power Point presentation authored by Keith Kintigh and Jack Pilon) informed SCS that it again intended to push back the completion dates for the Regional State Forest Management Plans. The rationale at the time of the August letter from Lynn Boyd was to allow more time for stakeholder consultation, specifically to allow more time for a series of public stakeholder meetings. During the October surveillance audit, an additional delay in completing the Regional State Forest Management Plans was justified on the basis of allowing the results of the biodiversity conservation planning process to be incorporated into the development of the Regional Plans. DNR submitted additional evidence that this 10-month delay in plan completion was supported by the citizen members of the PAT. To confirm this, the SCS Lead Auditor conducted phone interviews with a cross section of PAT members. While it is unfortunate that the timelines for completing the Regional State Forest Management Plans have again been pushed back, the SCS auditors conclude that the delays are properly justified by bona fide reasons (better stakeholder consultation and opportunity to incorporate the results of the BCPP). On the basis of these

arguments, the audit team concludes that **Part (b) can be closed on the assurance from DNR that the Regional State Forest Management Plans will be completed in conformance with the new timeframes.**

Observation: As presented to the audit team in briefing materials for the 2007 annual audit, a key element of DNR's response to CAR 2006.5 was the establishment of a Public Involvement Working Group (PIWG). The members of the PIWG were named including the head of the group, Deputy Director Mindy Koch. But due to unanticipated factors, the PIWG didn't become active and, as of October 2007, there is no longer an expectation that the PIWG will be an element in the DNR's ongoing efforts to comprehensively review stakeholder input/participation mechanisms in order to identify and implement opportunities for improving overall stakeholder satisfaction with DNR's efforts at transparency and consultative decision making. So, while there have been new mechanisms that have and will provide additional opportunities for stakeholder consultation (see CAR 2006.3, above) as well as a collection of uncoordinated efforts at improved stakeholder consultation, a comprehensive review remains to be undertaken. Additionally, and in response to a specific issue raised in CAR 2006.5, the review of existing compartment review procedures and how they may be improved to facilitate more meaningful public involvement has been initiated but not yet completed

CAR 2007.3	<ul style="list-style-type: none"> a) DNR must first identify and design a process for addressing stakeholder consultation now that the PIWG is no longer part of the strategy. b) Once a process has been established, DNR must then develop a comprehensive, cohesive strategy for identifying and implementing opportunities for enhanced stakeholder consultation and public transparency. As part of this effort, DNR must complete the review of existing compartment review procedures, initiated in 2007, and how these procedures can be improved to facilitate more meaningful public involvement.
Deadline	Part (a): February 15, 2008; Part (b): by the time of the 2008 annual audit
Reference	<i>FSC Criterion/Indicator 4.4.e</i>

DNR Response/Auditor Comments:

Response to Part (a): MI DNR submitted to SCS a document entitled "Public Involvement and Consultation Activities of the DNR" which identifies the processes and methods of stakeholder involvement and consultation, and includes a description of various stakeholder initiatives and strategies. The document also includes a Public Participation Matrix which serves as a visual guide for the different means of public involvement. Based upon a review of these documents, the auditors conclude that **Part (a) can be closed.**

Response to Part (b): The MI DNR submitted a document as part of the 2008 audit called "Forest Certification Team Workgroup to Consider Improvement to the Compartment Review Process: Recommendations" which details the MI DNR's plan to improve the open house process, utilize the internet more effectively through more user-friendly organization of the DNR web site and the "We Want Your Input!" button, and the use of email in the stakeholder consultation process. MI DNR also provided an example of their web site demonstrating some of the improvements. Based on the review of these documents, the auditors conclude that **Part (b) can be closed.**

Observation: Management of off-road recreational vehicle use on the state forests remains a growing challenge; unauthorized use remains extensive, particularly on the state forests nearest to major population centers. In response to this ongoing management challenge, DNR in 2006 established an ORV Strategy Task Force. The Task Force created an Action Plan (October 12, 2006) to implement the strategy and recommended actions it developed (Final Recommendations, May 25, 2006). In interviews with ORV specialists in the field and with headquarters staff involved in ORV management as part of the 2007 annual audit, it was revealed that DNR top management has yet to take action on most of the Task Force's final recommendations, as presented in the ORV Action Plan of October 2006. In the judgment of the SCS auditors, there is a need to complete this initiative in order to assure that unauthorized ORV use on the state forests does not put DNR in non-conformance with the FSC certification standards.

CAR 2007.4	DNR must implement the recommendations of the ORV Task Force and pursue other strategies that will accomplish the objectives behind the Task Force's recommendations. Specifically, the new statewide ORV management plan which was described to the auditors during this annual audit as presently under development with an intent to be completed by Spring of 2008 must, in fact, be completed and delivered to the NRC by that date.
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Deadline	April 1, 2008
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Reference	<i>FSC Criterion 1.5.</i>
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DNR Response/Auditor Comments: Public comments on the revised draft ORV Management Plan were accepted until February 25, 2008. The March 8, 2008 "Off-Road Vehicle (ORV) Management Plan" is available for download from http://www.michigan.gov/dnr/0,1607,7-153-10365_15070---,00.html. The MI DNR website states, *"This revised ORV management plan is based on comments received during the initial public comment period. This document will be sent to the Natural Resources Commission (NRC) for information in March and April and for action in May."* Subsequently, DNR provided SCS with documentary confirmation that the ORV plan was, in fact, approved by the NRC on May 8th. Accordingly, the audit team concludes that **this CAR is now closed.**

Recommendations:

Background/Justification: Indicator 5.3.a. states: *Adequate quantities and a diversity of size classes of woody debris (considered a reinvestment of biological capital under this criterion—not an economic waste) are left on the forest floor to maintain ecosystem functions, wildlife habitats, and future forest productivity.* Also Indicator 6.3.b requires: *Well-distributed, large woody debris is maintained.* Indicator 6.3.c.1 states: *Biological legacies of the forest community are retained at the forest and stand levels, consistent with the objectives of the management plan, including but not limited to: large live and declining trees, coarse dead wood, logs, snags, den trees, and soil organic matter.* With emerging biomass markets adding to what are already robust markets for utilization, there is a potential that market forces may push the balance toward excessive utilization, to the detriment of long-term site productivity and habitat considerations.

We take positive note of the fact that Michigan DNR is currently reviewing its retention guidelines, in consultation with external experts. During the 2007 annual audit, we were informed that DNR will complete this review during the first half of 2008. Completion of the review and revisions, as appropriate, should occur as soon as practicable in light of emerging biomass/bio-fuels markets.

REC 2007.1	DNR should develop and implement guidelines for woody debris retention/recruitment in timber harvests in which biomass/bio-fuels recovery is part of the operation. Woody debris retention guidelines should assure sufficient retention of woody debris for both wildlife and nutrient cycling/soil productivity.
Deadline	To be reviewed at the 2008 annual audit
Reference	<i>FSC Criterion/Indicators 5.3.a, 6.3.b, and 6.3.c.a</i>

DNR Response/ Auditor Comments after 2008 Audit:

The MI DNR provided the SCS auditing team with several documents demonstrating the development of a set of policies for woody biomass utilization.

Current timber sale specifications for non-woody biomass utilization address some of the specific concerns detailed in FSC Criterion/Indicators 5.3.a, 6.3.b, and 6.3.c.a., particularly utilization. MI DNR document IC 4110, *Within-stand retention guidance* (2006) details retention guidelines in terms of acreage and basal area percentages for live retained trees, cites the Province of Ontario's quantitative guidelines for living and dead cavity trees, and provides qualitative guidance for downed woody debris retention.

MI DNR is part of a multi-state woody biomass utilization guidance group consisting of natural resource managers, industry and environmental NGOs, and academic experts. MI DNR provided several meeting minutes of the Michigan Forest Finance Authority (MFFA). A motion was approved on December 12, 2007 to fund a "Proposal for Development of Forestland Woody Biomass Harvesting Guidelines." The original timeline proposed at this meeting was for a draft document for public comment to be ready during the summer of 2009. However, in the August 13, 2008 meeting minutes, the plan was to have a draft by October of this year. At the time of the audit, MI DNR did not present the auditors with such a document and, at the time of the 2008 surveillance audit, completion of the Guidelines had not yet occurred. **As such, this recommendation will continue to be monitored and carried over to the 2009 surveillance audit.**

2.5 General Observations from the 2008 Surveillance Audit

Internal auditing of field level compliance with certification Work Instructions remains a very positive aspect of DNR's certification engagement.

On-the-ground collaboration between the FMFM, Wildlife, and Fisheries Departments is a very positive aspect of Michigan DNR's management and demonstrates the staff's commitment to managing for multiple ecological values.

Planning at the regional and state-level continues to be in flux but changes in direction are for the better (e.g., more robust stakeholder consultation, better coordination with biodiversity planning). DNR must bring these planning initiatives to resolution and completion as soon as possible.

ORV management requires a clarification of statutes governing appropriate use and management, and consistency in enforcement.

DNR remains earnest in its efforts to address CARs and has the backing of key stakeholders in extending the timeline for completion of the eco-regional plans.

DNR has demonstrated enhanced performance with respect to the timeliness of road closures, when environmental conditions or changing management requirements justify adjustments to the road network.

Overall, DNR's management of the state forests is on a steady course despite the ongoing challenges associated with budget reductions and staff limitations.

2.6 New Corrective Action Requests and Recommendations

Observation: Although an extension for completing the Regional State Forest Plans and Eco-regional Plans has been agreed to and the extension is backed by key stakeholders, we must take note of the fact that the intended completion dates for these important plans has been pushed back multiple times. However, getting these plans "done right" is more important than the timeframe. Nevertheless, these continued postponements and delays in completing key planning processes and plan documents undermines DNR's credibility with many stakeholders and it puts DNR's certifiers in an awkward position. Clearly, these plans must be completed.	
CAR 2008.1	<ul style="list-style-type: none">a) The DNR must pursue every opportunity to accelerate the biodiversity conservation planning process (BCPP) and provide SCS with a detailed timeline of key milestones in the process.b) The DNR must dedicate adequate resources to support the three key planning initiatives (BCPP, Regional State Forest Management

	Plans, Eco-Regional Plans). Clearly, a significant element of this will be addressing the planning staff vacancy in the EUP region.
Deadline	Part a) February 1, 2009. Part b): Surveillance audit 2009
Reference	<i>FSC Criterion/Indicator 7.1.a.1</i>

Observation: ORV management and enforcement on Drummond Island is problematic. Some roads segments that have traditionally been accessible to non-ORV user groups, including the general public, are currently so substantially degraded as to be inaccessible or accessible only to vehicles with 4WD capabilities. ORV policies also must be responsive to the objectives of all Divisions within the DNR; field personnel in the Wildlife Division do not believe that road conditions on certain segments of roads on Drummond Island are consistent with Wildlife Division management objectives as well as funding requirements. Some roads on Drummond Island are not maintained in accordance with DNR's BMPs for roads. The current routes used by Jeeps and large 4wd vehicles are, in places, not passable by 2WD vehicles and have inadequate provisions for drainage (surfacing, road crown, etc). FMFM staff have responded to the SCS auditors that these roads are being upgraded, often with provisions for adequate road surface and/or drainage even when there is intent to keep water on the roadway to respond to ORV user desires. That is, plans are under development to include sections that are not fully drained. There are no existing BMPs or standards for such roads that would ensure environmental protections (while offering the desired recreational experience).

Is it possible and appropriate to manage roads for what ORV user groups want while assuring the protection of natural resources? Can all Divisions that are involved in the co-management of the state forest lands achieve consensus on the issue of providing recreational opportunities for jeeps and Hummers?

CAR 2008.2	<ul style="list-style-type: none"> a) The DNR must clarify the legal definitions and current management practices for ORV use on state lands in order to ensure consistency of enforcement and promote cross-Division support. b) The DNR must describe, in written form, acceptable conditions in locations where the intent is to provide motorized recreational use opportunities associated with standing water and mud bogs on ORV routes within the state forest system, such as those found on Drummond Island.
Deadline	Part a) June 1, 2009; Part b): Surveillance audit 2009
Reference	<i>FSC Criterion/Indicator 1.1.a, 2.2.a, and 2.2.b</i>

Observation: There is some confusion between the FMFM and Wildlife Divisions within the Michigan DNR as to what constitutes in-scope and out-of-scope lands for its FSC certification. It is SCS' understanding that only the wildlife lands in the Southern Lower Peninsula (SLP) are out-of-scope because most are prairies, oak-savannahs or wetlands. That is, SCS understands that all lands within the state forest system in the NLP and UP are within the scope of the certificate regardless of factors such as the funding source for acquisition. SCS has certified DNR's management of that land system and SCS expressly understands that DNR's management is a cooperative endeavor amongst all of the divisions comprising the department. *SCS has not*

<i>certified only the FMFM Division of the DNR.</i>	
CAR 2008.3	The Michigan DNR shall clarify the scope of what it considers to be covered by its FSC forest management certificate.
Deadline	May 1, 2009
Reference	<i>FSC Criterion 1.6, FSC Indicator 1.6.b</i>

Observation: The Michigan DNR undergoes an internal audit process and is commended for undertaking such a positive action. Once the internal audit is complete, though, it is not adequately clear to the SCS auditors how staff of the DNR respond to the findings of the internal audits. Documentation confirming the extent of follow-up is needed. Several of the “Internal Audit Non-Conformance Report” documents contain proposed completion dates for implementing responses to internal corrective action requests. However, the “Actual Completion Date” sections remain blank even when the proposed completion date has passed.	
CAR 2008.4	The Michigan DNR shall provide documentation as to how the organization uses the results of the internal auditing process to monitor the effectiveness of and improve day to day operations, standard procedures, and the State Forest Management Plan. Furthermore, the Michigan DNR shall ensure that its internal auditing procedures are followed until completion.
Deadline	Surveillance audit 2009
Reference	<i>FSC Criteria 7.2 and 9.4</i>

2.7 General Conclusions of the 2008 Annual Surveillance Audit

Based upon information gathered through site visits, interviews with DNR staff as well as stakeholders, and document reviews, the SCS audit team concludes that Michigan DNR’s management of State of Michigan Forest Properties continues to be in strong and improving overall compliance with the FSC Principles and Criteria, as further elaborated by the Lake States-Central Hardwoods Region Standard (V3.0). That is, and while there remain aspects of the management program for which improved conformity to the regional certification standard is needed, the SCS audit team concludes from this (2008) annual audit that Michigan DNR’s forest management program is in adequate overall conformance with FSC Principles 1 through 9 (Principle 10 is not applicable as DNR’s operations are classified as “natural forest management” under the FSC definitions). As such, continuation of the certification is warranted, subject to ongoing progress in closing out the open CARs and subject to subsequent annual audits.

3.0 DETAILED OBSERVATIONS

This section is divided into two parts: Section 3.1 details the determining of conformance and non-conformance with the elements of the standard examined during this audit. Section 3.2 discusses any stakeholder comments.

3.1 Evaluation of Conformance

For this annual surveillance audit, the auditors elected to focus on Principles 1 and 2 as well as selected Criteria in other Principles.

REQUIREMENT	NC	COMMENT/CAR
P1 Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.		
C1.1 Forest management shall respect all national and local laws and administrative requirements.	NC	<p>ORV management and enforcement on Drummond Island is problematic. Some roads segments that have traditionally been accessible to non-ORV user groups, including the general public, are currently so substantially degraded as to be inaccessible or accessible only to vehicles with 4WD capabilities. ORV policies also must be responsive to the objectives of all Divisions within the DNR; field personnel in the Wildlife Division do not believe that road conditions on certain segments of roads on Drummond Island are consistent with Wildlife Division management objectives as well as funding requirements. Some roads on Drummond Island are not maintained in accordance with DNR's BMPs for roads.</p> <p>CAR 2008.2: The DNR must clarify the legal definitions and management practices for ORV use on state lands and outline a mechanism to ensure consistency of enforcement.</p>
C1.2. All applicable and legally prescribed fees, royalties, taxes and other charges shall be paid.	C	The Michigan DNR ensures that all contractors comply with all federal and state laws. The Michigan DNR reinvests timber revenue into the management of state parks and forests.
C1.3. In signatory countries, the provisions of all binding international agreements such as CITES, ILO Conventions, ITTA, and Convention on Biological Diversity, shall be respected.	C	Michigan DNR forestry and wildlife staff work together during compartment reviews to examine habitat for endangered, threatened or rare species. Michigan DNR consults the Michigan Natural Features Inventory for the occurrence of endangered, threatened or rare species during compartment reviews.
C1.4. Conflicts between laws, regulations and the FSC Principles and Criteria shall be evaluated for the purposes of certification, on a case by case basis, by the certifiers and by the involved or affected parties.	C	DNR maintains active dialogue with SCS personnel and any potential conflicts are promptly brought forward for discussion and resolution.
C1.5. Forest management areas should be protected from illegal harvesting, settlement and other unauthorized activities.	C	Michigan DNR clearly marks boundaries and trails. Enforcement staff monitors compliance with laws, regulate permits, and check for timber theft in timber sales and along property boundaries.
C1.6. Forest managers shall demonstrate a long-term commitment to adhere to the FSC Principles and Criteria.	NC	<p>There is some confusion between the FMFM and Wildlife divisions within the Michigan DNR as to what constitutes in-scope and out-of-scope for certification. It is the auditors' understanding that only the wildlife lands in the Southern Lower Peninsula (SLP) are out-of-scope because most are prairies, oak-savannahs or wetlands. However, Wildlife lands in the Northern Lower Peninsula (NLP) and the Upper Peninsula (UP) undergo timber harvests with the assistance of FMFM. Furthermore, the Wildlife Division is very active in the planning of timber harvests for wildlife considerations on FMFM-managed areas. Therefore, the lands under the supervision of both divisions should be considered in-scope for certification services. It is SCS understanding that it has certified the management of the Michigan DNR in the NLP and UP, rather than specific divisions within the organization.</p>

		CAR 2008.3: The Michigan DNR shall clarify the scope of what it considers to be covered by its FSC forest management certificate.
P2 Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.		
C2.1. Clear evidence of long-term forest use rights to the land (e.g., land title, customary rights, or lease agreements) shall be demonstrated.	C	Michigan DNR has clear documentation of ownership and management of state lands. Where applicable, Michigan DNR complies with treaties with local American Indian tribes.
C2.2. Local communities with legal or customary tenure or use rights shall maintain control, to the extent necessary to protect their rights or resources, over forest operations unless they delegate control with free and informed consent to other agencies.	NC	See discussion under C1.1. Unauthorized ATV/ORV use on Drummond Island, and perhaps elsewhere, is adversely impacting traditional uses of other user groups and the general public. See CAR 2008.2
C2.3. Appropriate mechanisms shall be employed to resolve disputes over tenure claims and use rights. The circumstances and status of any outstanding disputes will be explicitly considered in the certification evaluation. Disputes of substantial magnitude involving a significant number of interests will normally disqualify an operation from being certified.	C	No known disputes were uncovered during the audit.
P4 Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities.		
C4.4. Management planning and operations shall incorporate the results of evaluations of social impact. Consultations shall be maintained with people and groups directly affected by management operations.	C	DNR engages in an exemplary level of consultation with people and groups directly and indirectly affected by management operations on the state forests. As with most other FSC-certified forest managers, there are opportunities for DNR to enhance its efforts at social impact monitoring.
C4.5. Appropriate mechanisms shall be employed for resolving grievances and for providing fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local peoples. Measures shall be taken to avoid such loss or damage.	C	Between the legal system in Michigan and the administrative appeals procedures as well as DNR's ongoing effort at resolving issues informally, there is a solid level of conformity with this Criterion.
P5 Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.		
C5.2. Forest management and marketing operations should encourage the optimal use and local processing of the forest's diversity of products.	C	Wood harvested on the state forests continues to be purchased by a broad array of regionally-based forest products companies in both the solid wood and fiber-based industries
C5.3. Forest management should minimize waste associated with harvesting and on-site processing operations and avoid damage to other forest resources.	C	Field observations during the 2008 audit reinforced prior years' observations that harvesting operations on the state forests are conducted in a manner that results in very limited to no damage to residual trees; other than chipping operations, there is no on-site processing occurring on the state forests
C5.4. Forest management should strive to strengthen and diversify the local economy, avoiding dependence on a single forest product.	C	Regional economic activity is generated from numerous activities on and uses of the Michigan state forest system including: timber harvesting, outdoor recreation, mineral and gas extraction, restoration activities.
C5.6. The rate of harvest of forest products shall not exceed levels that can be permanently sustained.	C	Overall harvest levels on the state forests remain below periodic increment.
P7 A management plan -- appropriate to the scale and intensity of the operations -- shall be written, implemented, and kept up to date. The long-term objectives of management, and the means of achieving them, shall be clearly stated.		
	NC	Although an extension for completing the Eco-regional plans has been accommodated by SCS for reasons conveyed by DNR and because key stakeholders support further delays in order to produce better plans, we must take note of the fact that the intended completion dates for the Eco-regional plans has also been pushed

		<p>back multiple times. However, getting these plans “done right” is more important than the timeframe. Nevertheless, these continued postponements and delays in completing key planning processes and plan documents undermines DNR’s credibility with many stakeholders and it puts its certifiers in an awkward position. Clearly, these plans must be completed.</p> <p>CAR 2008.1:</p> <ul style="list-style-type: none"> a) The DNR must accelerate the biodiversity and conservation planning (BCP) process and provide a detailed timeline of BCP planning. b) The DNR must dedicate adequate resources to support this initiative and therefore must provide a list of staff and their roles in developing the Eco-regional plans. Clearly, a big part of this will be addressing the planning vacancy in the EUP region.
C7.2. The management plan shall be periodically revised to incorporate the results of monitoring or new scientific and technical information, as well as to respond to changing environmental, social and economic circumstances.	NC	<p>The Michigan DNR undergoes an internal audit process and should be commended for undertaking such a positive action. Once the internal audit is complete, though, how do divisions and staff of the DNR respond? Is there follow up? Several of the “Internal Audit Non-Conformance Report” documents contain proposed completion dates for implementing responses to internal corrective action requests. However, the “Actual Completion Date” sections remain blank even when the proposed completion date has past.</p> <p>CAR 2008.4: The Michigan DNR shall provide documentation as to how the organization uses the results of the internal auditing process to monitor the effectiveness of and improve day to day operations, standard procedures, and the State Forest Management Plan. Furthermore, the Michigan DNR shall ensure that its internal auditing procedures are followed until completion.</p>
C7.4. While respecting the confidentiality of information, forest managers shall make publicly available a summary of the primary elements of the management plan, including those listed in Criterion 7.1.	C	<p>The full compendium of management planning documents that relate to the management of the Michigan state forest system is available on the DNR web site.</p>
P8 Monitoring shall be conducted -- appropriate to the scale and intensity of forest management -- to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.		
C8.1. The frequency and intensity of monitoring should be determined by the scale and intensity of forest management operations, as well as, the relative complexity and fragility of the affected environment. Monitoring procedures should be consistent and replicable over time to allow comparison of results and assessment of change.	C	<p>The Michigan DNR engages in an exemplary level array of monitoring activities. Notable are the internal audits conducted annually to ascertain conformance with the certification Work Instructions. However, this year’s audit revealed that there is insufficient documentation and confirmation that DNR field units are following up on the findings of the internal audits.</p> <p>See CAR 2008.4</p>
8.2. Forest management should include the research and data collection needed to monitor, at a minimum, the following indicators: a) yield of all forest products harvested, b) growth rates, regeneration, and condition of the forest, c) composition and observed changes in the flora and fauna, d) environmental and social impacts of harvesting and other operations, and e) cost, productivity, and efficiency of forest management.	C	<p>DNR and its cooperators engage in a robust array of research and data collection initiatives on the state forest system.</p>
C8.5. While respecting the confidentiality of information, forest managers shall make publicly available a summary of the results of monitoring indicators, including those	C	<p>Results of monitoring and research activities pertinent to the management of the state forests are available on the DNR web site.</p>

3.2 Stakeholder Comments

In the lead-up to the October 2008 field audit, the SCS lead auditor engaged in a focused, phone-based consultation with a cross-section of Michigan DNR stakeholders; the focus of the outreach was DNR's intent—announced via email correspondence to SCS during the summer of 2008—to extend the planned completion dates for the Regional State Forest Management Plans. As the ongoing pattern of DNR not completing key planning initiatives according to announced time schedules has been an issue with stakeholders and with prior certification audits, including an open CAR issued in 2007, SCS concluded that stakeholder reaction to another delay in completing the regional plans was an important factor in our determination as to the acceptability of the delay in the context of DNR's certification.

Through phone interviews, contact was made with three members of a statewide citizen advisory committee that DNR has empanelled—the Public Advisory Team (PAT)—as part of the DNR's Biodiversity Conservation Planning Process (BCPP). The PAT has been directly engaged in the strategic challenge of coordinating the BCPP with the development of the Regional State Forest Management Plans (RSFMPs).

Our interviews with PAT members confirmed what we had been told by DNR personnel, that the PAT was supportive of pushing back the completion dates of the RSFMPs in order to enable greater coordination with and input from the results of the BCPP. To a significant degree on the basis of this broad public support, SCS concluded that extending the completion dates for the RSFMPs was in the best interests of forest stewardship as well as being a justified change to the terms of DNR's FSC certification.

It is anticipated that the audit team will make follow-up contact with PAT members as part of the 2009 annual surveillance audit.

3.3 Controversial Issues

With regard to this requisite subject matter for FSC certification reports, there is no change from the 2007 surveillance audit. There are no exceptionally controversial issues that dominate public discourse over the management of the Michigan state forests. However, there are some specific issues that do garner active stakeholder attention and input and that DNR must focus on in a legitimate manner if these issues are not to elevate to a highly controversial stature. These issues include: ORV management, management planning (updates of plans/issuance of new plans), even-aged management of red pine and aspen, and the implications of staff/funding reductions. All of these issues have been and will continue to be examined by SCS as part of annual surveillance audits.

3.4 Changes in Certificate Scope

There were no changes in the scope of this certificate during the previous year nor as part of this surveillance audit.